



State of California
Employment Training Panel

Arnold Schwarzenegger, Governor

August 31, 2009

Dan Guerra, Director
Community Business College, Inc.
3800 McHenry Avenue, Suite M
Modesto, CA 95356-1569

Dear Mr. Guerra:

Enclosed is our final report relative to our review of Community Business College's compliance with Employment Training Panel Agreement No. ET05-0272 for the period April 4, 2005 through April 3, 2007.

We did not receive a response to the draft review report; therefore, our finding and recommendation remain unchanged.

Also enclosed is a demand letter for payment of costs disallowed in the review report. Payment is due upon receipt of this letter. If you wish to appeal the review findings, you must follow the procedure specified in Attachment A to the review report.

We appreciate the courtesy and cooperation extended to our auditor during the review. If you have any questions, please contact Stephen Runkle, Audit Manager, at (916) 327-4758.

Sincerely,

Original signed by:

Stephen Runkle
Audit Manager

Enclosures

COMMUNITY BUSINESS COLLEGE, INC.

Agreement No. ET05-0272

Final Review Report

For The Period

April 4, 2005 through April 3, 2007

Report Published August 31, 2009

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REVIEW REPORT

Summary

We reviewed Community Business College's compliance with Agreement No. ET05-0272, for the period April 4, 2005 through April 3, 2007. Our review pertained to training costs claimed by the Contractor under this Agreement. Our review was performed during the period November 4, 2008 through April 2, 2009.

The Employment Training Panel (ETP) reimbursed the Contractor a total of \$338,955. Our review supported \$333,210 is allowable. The balance of \$5,745 is disallowed and must be returned to ETP. The disallowed costs resulted from one trainee who did not meet full-time employment requirements.

REVIEW REPORT (continued)

Background

Community Business College, Inc. (CBC) is a private, postsecondary and vocational training facility located in Modesto that provides occupational job skill training to individuals seeking work in high employment areas of the Greater San Joaquin Valley region. CBC been accredited by the Accrediting Commission of Career Schools and Colleges of Technology.

This Agreement was the fifth between CBC and ETP. CBC maintains an on-going relationship with regional employers. Based on that relationship, CBC identified a significant demand for specialized employees, especially in occupations related to computer systems, medical offices, rental properties, and accounting services. CBC planned to provide specialized training under a 360-hour menu curriculum. One of the multiple barriers to employment faced by job seekers in the high-unemployment areas served by CBC is speaking English as a second language. Therefore, this Agreement provided for training in Computer and Business English Literacy Skills along with other work skill types specific to the occupations noted above.

This Agreement allowed CBC to receive a maximum reimbursement of \$631,950 for training 110 new-hire trainees. During the Agreement term, the Contractor trained and placed 59 trainees and was reimbursed \$338,955 by ETP.

Objectives, Scope, and Methodology

We performed our review by authority of Title 22 California Code of Regulations, Sections 4443 and 4448. Our scope was limited to reviewing the Contractor's compliance with trainee eligibility and post-training requirements specified in the Agreement. We did not review the Contractor's records for compliance with training attendance or other Agreement requirements.

Specifically, our review scope included, but was not limited to, conducting compliance tests to determine whether:

- Trainees were eligible to receive ETP training.
- Trainees were employed continuously full-time with a participating employer for 90 consecutive days after completing training, and the 90-day retention period was completed within the Agreement term.
- Trainees were employed in the occupation for which they were trained and earned the minimum wage required at the end of the 90-day retention period.

REVIEW REPORT (continued)

Conclusion	As summarized in Schedule 1, the Summary of Review Results, and discussed more fully in the Finding and Recommendation Section of our report, our review supported \$333,210 of the \$338,955 paid to the Contractor under this Agreement is allowable. The balance of \$5,745 is disallowed and must be returned to ETP.
Views of Responsible Officials	<p>The review finding was discussed with Dan Guerra, Director, during a telephone exit conference held on April 2, 2009. A draft review report was issued to the Contractor on July 30, 2009. The Contractor did not respond in writing to the draft review report.</p> <p>The issuance of your final audit report had been delayed by the audit unit. Therefore, ETP waived the accrual of interest for the disallowed costs beginning April 3, 2009 through the issue date of this final audit report. The interest waiver (adjustment) was \$131.87, which was deducted from the total accrued interest.</p>
Appeal Rights	If you wish to appeal the review findings, it must be filed in writing with the Panel's Executive Director within 30 days of receipt of this audit report. The proper appeal procedure is specified in Title 22, California Code of Regulations, Section 4450 (attached).
Records	Please note the ETP Agreement, Paragraph 5, requires you to assure ETP or its representative has the right, "...to examine, reproduce, monitor and audit accounting source payroll documents, and all other records, books, papers, documents or other evidence directly related to the performance of this Agreement by the Contractor... This right will terminate no sooner than four (4) years from the date of termination of the Agreement or three (3) years from the date of the last payment from ETP to the Contractor, or the date of resolution of appeals, audits, or litigation, whichever is later."

Stephen Runkle
Audit Manager

Fieldwork Completion Date: April 2, 2009

SCHEDULE 1 – Summary of Review Results

COMMUNITY BUSINESS COLLEGE, INC.

AGREEMENT NO. ET05-0272

FOR THE PERIOD

April 4, 2005 THROUGH April 3, 2007

	<u>Amount</u>	<u>Reference*</u>
Training Costs Paid By ETP	<u>\$ 338,955</u>	
Disallowed Costs:		
Full-Time Employment Requirements Not Met	5,745	Finding No. 1
Total Costs Disallowed	<u>\$ 5,745</u>	
Training Costs Allowed	<u><u>\$ 333,210</u></u>	

* See Finding and Recommendation Section.

FINDING AND RECOMMENDATION

FINDING NO. 1 – Community Business College, Inc. (CBC) received reimbursement for one Job No. 1 trainee who was not employed full-time during their post-training retention period per Agreement requirements. As a result, we disallowed \$5,745 in training costs claimed for this trainee.

Full-Time
Employment
Requirements Not
Met

Exhibit A, paragraph VII. A.1 of the Agreement states, “Each trainee must be employed full time, at least 35 hours per week with a single participating employer for a period of at least ninety (90) consecutive days immediately following the completion of training.”

CBC reported that Trainee No. 1 earned \$12.00 per hour, and completed a 90-day retention period from November 1, 2006 through February 1, 2007. However, based on the hourly wage rate reported by CBC, Employment Development Department (EDD) base wage information supports that this trainee only worked an average of 13.1 hours per week during the reported retention period. Furthermore, EDD base wage information supports Trainee No. 1 was also not employed full-time during any subsequent 90-day period up to the Agreement end date. ETP reviewer could not obtain any employer payroll documentation to support full-time employment during the reported retention period or any subsequent 90-day period up to the Agreement end date.

Recommendation CBC must return \$5,745 to ETP. In the future, CBC should ensure that each trainee meets full-time employment requirements during their post-training retention period before claiming reimbursement from ETP.

This report is a matter of public record and its distribution is not limited. The report is intended for use in conjunction with the administration of ETP Agreement No. ET06-0272 and should not be used for any other purpose.

ATTACHMENT A - Appeal Process

4450. Appeal Process.

- (a) An interested person may appeal any final adverse decision made on behalf of the Panel where said decision is communicated in writing. Appeals must be submitted in writing to the Executive Director at the Employment Training Panel in Sacramento.
- (b) There are two levels of appeal before the Panel. The first level must be exhausted before proceeding to the second.
 - (1) The first level of appeal is to the Executive Director, and must be submitted within 30 days of receipt of the final adverse decision. This appeal will not be accepted by the Executive Director unless it includes a statement setting forth the issues and facts in dispute. Any documents or other writings that support the appeal should be forwarded with this statement. The Executive Director will issue a written determination within 60 days of receiving said appeal.
 - (2) The second level of appeal is to the Panel, and must be submitted within 10 days of receipt of the Executive Director's determination. This appeal should include a statement setting forth the appellant's argument as to why that determination should be reversed by the Panel, and forwarding any supporting documents or other writings that were not provided at the first level of appeal to the Executive Director. If the Panel accepts the appeal and chooses to conduct a hearing, it may accept sworn witness testimony on the record.
 - (A) The Panel must take one of the following actions within 45 days of receipt of a second-level appeal:
 - (1) Refuse to hear the matter, giving the appellant written reasons for the denial; or
 - (2) Conduct a hearing on a regularly-scheduled meeting date; or
 - (3) Delegate the authority to conduct a hearing to a subcommittee of one or more Panel members, or to an Administrative Law Judge with the Office of Administrative Hearings.
 - (B) The Panel or its designee may take action to adopt any of the administrative adjudication provisions of the Administrative Procedures Act at Government Code Section 11370 *et seq.*, for the purpose of formulating and issuing its decision. Said action may take place at the hearing, or in preliminary proceedings.
 - (C) Upon completion of the hearing, the record will be closed and the Panel will issue a final ruling. The ruling may be based on a recommendation from the hearing designee. The ruling shall be issued in a writing served simultaneously on the appellant and ETP, within 60 days of the record closure.
- (c) The time limits specified above may be adjusted or extended by the Executive Director or the Panel Chairman for good cause, pertinent to the level of appeal.
- (d) Following receipt of the Panel's ruling, the appellant may petition for judicial review in Superior Court pursuant to Code of Civil Procedure Section 1094.5. This petition must be filed within 60 days from receipt of the Panel's ruling.

Authority: Section 10205(m), Unemployment Insurance Code; Section 11410.40, Government Code.

Reference: Sections 10205(k), 10207, Unemployment Insurance Code.

Effective: April 15, 1995

Amended: December 30, 2006